

**Louisiana State University
Health Sciences Center - New Orleans**

Request for Proposal # AS-10-01

BANKING SERVICES

Due: May 7, 2010 @ 2:00 P.M.

**Michael Williams
Purchasing Department
LSU Health Sciences Center
433 Bolivar St.
Room 623
New Orleans, LA 70112**

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REQUEST FOR PROPOSAL BANKING SERVICES

Louisiana State University Health Sciences Center
New Orleans, Louisiana

March 29, 2010

I. Statement of Solicitation

Proposals for Banking Services are hereby solicited by the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College in accordance with PM-9, "Louisiana State University System Investment, Banking Services, and Safeguarding of Deposits Policy" (as revised October 5, 2007), and LA R.S. 39:1484 et. seq. and all applicable rules and regulations promulgated thereunder. (Copies may be obtained from the address specified below in Section II.A.) Specific qualifications for Banks submitting proposals are included in Attachment A.

II. Instructions for Submission of Proposals

A. **Inquiries:** All inquiries should be directed to Louisiana State University Health Sciences Center as follows:

Attn: Michael Williams
Purchasing Department
LSU Health Sciences Center
433 Bolivar St., Room 623
New Orleans, LA 70112
Email: mwil34@lsuhsc.edu

This RFP is available in electronic form on the State of Louisiana Office of State Purchasing (LaPac) website at <http://www.prd.doa.louisiana.gov/OSP/LaPAC/pubmain.asp> in PDF format. To access the RFP on LaPac, search by Solicitation Number **AS-10-01**.

*** Note: LaPAC is the state's online electronic bid posting and notification system resident on State Purchasing's website [www.doa.Louisiana.gov/osp] and is available for vendor self-enrollment. In that LaPAC provides an immediate e-mail notification to subscribing proposers/bidders that a solicitation and any subsequent addenda have been let and posted, notice and receipt thereof is considered formally given as of their respective dates of posting.**

An inquiry period is hereby firmly set for all interested Proposers to perform a detailed review of the RFP documents and to submit any written questions relative thereto. *Without exception*, all questions **MUST** be submitted in writing by email to the RFP Coordinator and received by the close of business on the Deadline for receiving Inquiries date set forth in the Schedule of Events. Inquiries shall clearly cross-reference the relevant solicitation section. Answers to all questions and any other changes or clarifications to the solicitation shall be issued by addendum and made available to all prospective proposers.

The University shall not and cannot permit an open-ended inquiry period, as this creates an unwarranted delay in the procurement cycle and operations. The University reasonably expects and requires *responsible and interested* proposers to conduct their in-depth proposal review and submit inquiries in a timely manner.

- B. **Clarifications:** Any clarifications desired by proposers regarding the meaning or interpretation of the solicitation must be requested in writing to the address specified in Section II.A above. Questions must be received in written form no later than April 16, 2010. Oral explanations or instructions given before the award of the contract will not be binding. Any information given to a prospective proposer concerning a solicitation will be furnished to all prospective proposers.
- C. **Required Information for Submission:** The information required to be submitted with proposals includes the letter of submittal (detailed in Section III) as well as all information detailed in Attachments A, B, D, E and F. All responses must be organized consistent with these attachments and must explicitly indicate that each requirement is met and include supporting documentation where applicable. Failure to respond to each requirement could result in disqualification of the proposal.
- D. **Delivery of Proposals:** Six copies of the completed proposal and the transmittal letter are to be delivered, clearly identified as RFP for Banking Services, to the Purchasing Department at the address indicated in Section II.A **no later than 2:00 pm CDT, May 7, 2010**. Perfection of delivery is the responsibility of the proposers. All proposals will be logged in as to the date and time of delivery. No proposals will be accepted after the deadline.

Delivery of a proposal will be considered as agreement by the proposing Bank to perform the services described herein, pursuant to the Contract for Banking Services to be subsequently executed by and between LSUHSC and the Bank submitting the accepted proposal.

- E. **Evaluation:** All proposals to provide Banking Services will be graded and evaluated based on the following set of weighted criteria:

- 30% Cost per required service, including transition costs, if applicable (Appendix II)
- 20% Interest Paid on Deposits
- 20% Financial condition of the proposing Bank
- 30% Experience and technical ability to provide services

It is the intent of LSUHSC to select the successful proposal before May 21, 2010; however, LSUHSC reserves the right to change this or other dates specified herein. All proposers will receive written notification of the successful proposal by USPS Certified Mail.

- F. **Authorization:** Proposals and transmittal letters are to be signed by those Bank Officials or agents duly authorized to sign proposals or contracts on behalf of their respective institutions. Evidence of such authority must accompany the proposal as required by the proposer's Articles of Incorporation and/or By-Laws.
- G. **Terms:** Terms and conditions of the proposals outlined herein shall be valid and binding for a minimum of 120 days from the date of receipt by Louisiana State University Health Sciences Center – New Orleans.
- H. **Award of Contract:**
1. The contract for Banking Services will be awarded to the proposer whose proposal most closely conforms to the RFP and provides the most advantage to LSUHSC.
 2. It is LSUHSC's intent to award the contract on the basis of initial proposals received.
 3. LSUHSC reserves the right to reject all proposals and to waive informalities and minor irregularities in the proposals received.

4. LSUHSC reserves the right to negotiate for additional services with the bank submitting the successful proposal during the contract period as such services may be required.
 5. Proposers failing to meet the minimum requirements established for financial condition under PM-9, "Louisiana State University System Investment, Banking Services, and Safeguarding of Deposits Policy," will automatically be disqualified from consideration.
- I. **Compliance with State Law:** It is agreed and understood that any contracts and/or other agreements executed as a result of this proposal shall be governed under State law. The rights and obligations of the parties hereto shall be determined in accordance with the laws of the State of Louisiana.

J. **Schedule of Events:**

<u>Event:</u>	<u>Dates:</u>
Advertise RFP and post on LaPac	March 29, 2010
Deadline for receiving proposer inquiries	April 16, 2010
Issue responses to proposer inquiries	April 27, 2010
Proposal submission deadline	May 7, 2010
Announce Award of "Successful Proposer"	May 21, 2010
Contract Executed (if transition period is required...see section V.)	July 1, 2010
Contract Executed (if transition period is not required...see section V.)	August 1, 2010

NOTE: The University reserves the right to amend and/or change this schedule of RFP activities, as it deems necessary.

III. **Transmittal Letter Requirements:** Each participating Bank shall submit, as an integral part of its proposal, a Letter of Transmittal that includes the following:

A. **Background Summary of Bank**

1. Experience in data processing operation.
2. Experience in maintenance of large corporate accounts with high volume of activity.
3. Experience in electronic banking ACH transactions with automation of notice of received items.
4. Names and phone numbers of references familiar with bank's experience as specified in above items 1, 2 and 3.

B. **Disclosure of non-proprietary services, equipment and software to be used in the performance of the Banking Services Contract.**

C. **Statement of Compliance with all Federal, State and Local Equal Employment Opportunity policies and regulations.**

D. **Estimated time frame for implementation of requested services, in the event of being awarded the contract to provide Banking Services.**

E. **Disclosure of any lawsuits or judgments against the Bank, its holding company, subsidiaries or affiliates, officers or employees that will significantly affect the Bank's ability to deliver the services required in this RFP.**

F. **Disclosure of any State or Federal regulatory actions or agreements in effect or pending with or against the Bank, its holding company, subsidiaries or affiliates, officers or employees.**

IV. Contract Terms and Compensation Methods

- A. **Contract Term:** A contract will be entered into with the Bank that presents the successful proposal to commence on August 1, 2010. The term of the contract will be for an initial period of three years, with the option to renew for two consecutive one-year periods provided both parties agree to the same terms, conditions and prices, and funds are appropriated by the Legislature for this purpose.
- B. **Compensation Method:** Fees shall be directly deducted by the Bank from the General Fund Account, on a monthly basis, after monthly combined account analysis statements have been submitted. LSUHSC may, at its own option, pay the Bank, either partially or in full, with fees and/or compensating balances.

V. Overview of Services to be Provided

A detailed description of the accounts required in this proposal is presented in Attachment C. The services required include the following three primary areas:

- A. **The Collection Function:** This function is oriented to the deposit of state-appropriated and fee-generated funds and concentrates on the most rapid collection and crediting of checks and other deposit items presented. See Attachment D for specific details of this function.
- B. **The Disbursement Function:** This function focuses primarily on disbursement of funds as related to a controlled disbursement account. Specific details are included in Attachment E.
- C. **The Safekeeping or Custodial Function:** This function requires the capability to receive and transmit book entry securities purchased under agreements to resell and to pledge collateral housed in a separate third party institution or Federal Reserve account through the Bank. Attachment F addresses the requirements for collateral and safekeeping for demand deposit accounts, repurchase agreements and investments.

In pricing the above functions, proposing Banks should consider the volume statistics provided in Appendix I.

Due to the complexity and level of activity involved in the Banking Services required by LSUHSC, an implementation period will be required for the transition of LSUHSC accounts (unless the incumbent vendor is awarded the contract, in which case no transition period is required). This period, to be specified by LSUHSC, will be required to make procedural adjustments, to print new checks, and to make other related arrangements. The implementation period will begin after July 1, 2010, and should be completed within 90 days. In the event a transition period is required, the contract shall begin on the date the transition period commences.

ATTACHMENT A

Minimum Qualifications for Submitting Proposals to Louisiana State University Health Sciences Center for Banking Services

At the time of submission of the proposal, the submitting Bank must certify that it is capable of performing all tasks and activities associated with the requirements of this Request for Proposal (RFP), its attachments and appendices.

The following minimum criteria must be evidenced by written documentation submitted by Bank with its proposal:

1. Currently have, and maintain throughout the term of the contract, capital (exclusive of debt), surplus and reserves of at least \$20,000,000. The capital base will be reduced by any negative amounts of equity capital.
2. Currently be, and remain throughout the term of the contract, designated as an authorized fiscal agent of the State by the State of Louisiana Interim Emergency Board, in accordance with LA R.S. 49:317.
3. Currently be, and remain throughout the term of the contract, qualified to accept deposits for LSUHSC in accordance with LA R.S. 49:327(C), which includes "State Banks organized under the laws of Louisiana" and "National Banks having their principal office in Louisiana."
4. Currently be, and remain throughout the term of the contract, a member of, or have access to, the Federal Reserve System with full wire transfer capabilities, in order to send requests for funds to various federal agencies, to receive funds, to transfer funds to other banks/institutions as directed by LSUHSC and to receive and send book entry securities. In conjunction with the receipt and transfer of book entry securities, the Bank must verify and remit funds immediately involving securities purchased under agreements to resell. This procedure must be reserved for the opening of business on the date of maturity or the next business day, if maturity is on a legal holiday.
5. Currently have, and maintain throughout the term of the contract, a trust or safekeeping department capable of issuing safekeeping receipts that are acceptable to LSUHSC in accordance with LA R.S. 49:321 immediately upon receipt of securities.
6. Currently have, and maintain throughout the term of the contract, the ability to pledge collateral in quantity, form and manner prescribed by LA R.S. 49:321. This includes pledges against balances and daily deposits. The ability to provide monthly reports of securities collateralizing deposits is required. The market values of those securities must also be provided as a part of the monthly report.
7. Currently have, and maintain throughout the term of the contract, certified access to an international wire desk with a specific institution supplying this service.
8. Bank must supply certification by the Chairman of the Board of Directors, attested to by the Secretary of the Board of Directors, that the Bank is not and does not contemplate, as of the date of submission and the date of the execution of the contract, operation under any consent decree or other type of restrictive contract with any state or federal regulatory agency. Throughout the term of the contract, the selected Bank shall not operate under any consent decree or other type of restrictive contract with any state or federal regulatory agency without providing immediate notification to LSUHSC. The contract may be immediately terminable upon notification to LSUHSC of any such restrictive covenant of a regulatory agency.
9. Currently meet, and maintain throughout the term of the contract, FDIC capital adequacy requirements. The contract may be immediately terminable upon notification to LSUHSC of a failure to meet FDIC capital adequacy requirements.

10. Currently operate and maintain a branch within the city limits of New Orleans, LA.
11. Currently maintain and maintain throughout the term of the contract, fidelity and indemnity insurance coverage for all branches, facilities and offices.
12. Bank must have been in business, in compliance with LA R.S. 49:317, for a minimum of five (5) years prior to the contract period.
13. Bank must meet the minimum requirements established for financial condition under PM-9, "Louisiana State University System Investment, Banking Services, and Safeguarding of Deposits Policy."

ANY PROPOSAL FOR BANKING SERVICES UNABLE TO SATISFY THESE MINIMUM REQUIREMENTS AS OUTLINED ABOVE WILL BE DISQUALIFIED.

ATTACHMENT B

Required Information to be submitted with Proposals for Banking Services

1. Address and functional description of all facilities.
2. Audited annual reports, quarterly consolidated reports of condition and uniform bank performance reports for two years prior to the date of proposal.
3. If applicable, 10K reports from the holding company for the two years prior to the date of proposal.
4. The number of public fund accounts that the Bank currently holds, stated in terms of: 1) the number of accounts, 2) the total debit/credit volume on all accounts and 3) the sum of the total average collected balances on an annual basis.
5. The volume of proposer's largest demand deposit account, in terms of the number of debit items per month, and the volume of proposer's largest depository account, in terms of the number of credit items per month.
6. The total processing capacity of the Bank and the activity level in terms of number of debits and credits processed daily, assuming that LSUHSC was added to the current processing capacity.
7. The current availability schedule and daylight overdraft policy for the Bank's New Orleans, LA branch and for all other branches and affiliates.
8. A copy of the Bank's most recent disaster recovery plan.
9. The Bank holiday schedule for the New Orleans, LA branches, as well as the holiday schedule for affiliates and processing sites.
10. Resumes of personnel who will be assigned to LSUHSC's account to include, without limitation, operations, branch staff and backup personnel (primary and secondary officers).
11. The current workload of primary and secondary officers to be assigned to the account, measured in terms of dollars and number of accounts assigned.
12. A copy of the Bank's account analysis format, with an explanation of terms and calculations.
13. A completed Appendix II which includes a standardized Pricing Schedule. All items must be addressed. If no fee is charged, indicate "No fee for service". If not available, indicate "Not Available".
14. Proposing Banks are encouraged to include in their proposals availability and pricing for such additional electronic access services, as well as a description and price list for any additional services offered that may benefit the University.
15. The Bank shall submit as part of its proposal investment-related services for the University as described in Attachment E, Section J.
16. Proposing Banks are encouraged to include in their proposals a description and price list for any additional, substitute or enhanced services offered that may benefit the University.

ATTACHMENT C

Account Descriptions

1. General Fund Account: The General Fund account is the primary depository account for all appropriated, fee generated and other revenues. In addition all LSUHSC expenditures with the exception of payrolls are drawn on the General Fund Account. It is anticipated that any amounts needed to fund the payroll account will be automatically transferred each day from the General Fund Account. Accordingly, the Payroll Account will have a zero balance at the conclusion of each banking day.
2. Payroll Account: The Payroll Account will pay all LSUHSC payroll checks and will function as a zero balance account. This account will be linked to the General Fund Account and as such will be included on the combined account analysis.
3. Credit Card Accounts: Bank Card Accounts are the depository accounts for all VISA, MasterCard, American Express, and Discover credit card sales and services made various LSUHSC locations. These Bank Card Accounts will not be linked to the General Fund Account, and as such each will require a separate combined account analysis statement.
4. Other Accounts: LSUHSC has several other accounts that only receive deposits from LSUHSC Clinic sites, deposits from student loan programs and other miscellaneous deposits. These accounts will function as zero balance accounts and will be linked to the General Fund Account and as such will be included on the combined account analysis.

ATTACHMENT D

Requirements for the Collection Function

Listed below are the services required to meet LSUHSC's needs with respect to depositing and/or collection of funds. In Appendix I, Volume Statistics are presented to assist bidding institutions in pricing these services. Appendix II includes a standardized Pricing Schedule that must be completed and attached to all proposals.

General Information

The majority of deposits into LSUHSC's General Fund Account are collected either from the State Treasurer's Office or at the New Orleans, LA campus (e.g., grant and contract payments, tuition and associated fees and payments for clinical services). Remittances from other campuses within the LSU System typically occur through wire transfers, and federal funds are received through ACH transactions, wire transfers or direct deposits.

A. New Orleans, LA Location

To facilitate the administration of LSUHSC funds, and to expedite transactions related to LSUHSC's accounts, proposing institutions are required to maintain a branch office in New Orleans, LA.

B. On-line Banking Services

The Bank must provide the University with a web-based on-line banking system that facilitates electronic processing of all bank activity associated with this RFP such as stop payments, balance inquiries, check copy requests, special reports, wires, fund transfers, etc.

C. Late Date Deposit Capability

Accommodations must be made in order for LSUHSC to make multiple check deposits until 3:00 pm each banking day with same day credit on the book balance. Coin and currency deposits must be accepted until 3:00 pm each banking day. LSUHSC currently utilizes armored car services and a courier for daily deposit pick-up and delivery.

D. Balance Reporting

The Bank must make available balance reporting information by 8:30 am each banking day, through facsimile transmission and personal computer transmissions. A schedule of reporting costs per item/field is listed in Appendix II and should be completed by all proposing Banks.

E. Availability Schedules/Daylight Overdraft Policy

The Bank must provide LSUHSC with its availability schedule and daylight overdraft policy and must notify the designated University official immediately of any proposed changes. If the proposed change is considered detrimental to LSUHSC, LSUHSC reserves the right to make immediate changes in the depository Bank in order to restore availability to the initially agreed upon level.

F. Depository Discount Pricing

The Bank is required to provide discount tier pricing for deposit items based upon where they are drawn (i.e., local, regional check processing system (RCPC), other, accelerated).

G. Returned Items

LSUHSC requires an automatic second deposit of items returned unpaid to be executed by the Bank. Upon second return, checks are to be sent to LSUHSC.

H. Interest Paid on Excess Funds

Banks must indicate the method(s) to be used to calculate interest on the funds deposited by LSUHSC in Appendix II. Interest earned on deposits makes up 20% of the evaluation criteria.

I. Credit Card Transactions

The Bank must accept for credit Mastercard, Visa, American Express and Discover transactions, as accepted by various departments on campus, to be deposited into the Bank Card Accounts of LSUHSC. In association with these transactions, imprinters and phone authorization terminals may be required as well as the capability for providing electronic data capture.

J. Lock Box Deposits

The Bank will be required to establish and operate a lockbox to receive payments. The Bank will collect the contents of LSUHSC's post office box daily and will be required to process mail and remittances as is mutually agreed upon by the Bank and LSUHSC. Daily deposits received through the lock boxes are to be credited to LSUHSC's General Fund Account in accordance with Item C above, and daily detail reporting of deposits is required.

K. Direct Deposits/Wire Transfers

Bank must be able to accept direct deposits made to LSUHSC's General Fund Account through FEDWIRE, HHS Payment Management System, and must notify LSUHSC on a daily basis of direct deposit items. Reporting of these items must include sender's name and all available information regarding sender, not just the total amount received.

L. Foreign Items Presented for Deposit

In processing foreign deposits made to LSUHSC's General Fund Account, Bank must provide documentation of any adjustments made due to exchange rates or collection fees assessed no later than the business day following the date of such adjustment.

M. Miscellaneous Items

The Bank will be required to provide at no cost, as needed, transport boxes, locking cash and coin bags and coin and bill wrappers to be used by LSUHSC to make deposits. The Bank will also be required to provide LSUHSC with a CD-ROM containing images of all paid check on a monthly basis.

N. Originating ACH Transactions

The Bank shall submit a list of all ACH transactions that can be originated by LSUHSC. The Payroll account must originate ACH transactions using software that is able to interface with LSUHSC applications.

O. ACH Transactions

The Bank shall provide detailed documentation of all incoming ACH transactions, either as a printed report or, preferably, via electronic access. Reporting of these items must include sender's name and all available information regarding sender, not just the total amount received. Information should be available by transaction per day and by transaction per month. Information should remain available for at least fifteen (15) days beyond month end.

P. Originating Wire Transfers

The Bank will be required to process verbal and personal computer based initiated wire transfer, with subsequent written confirmation. Wires could include internal transfers, domestic transfers and international transfers in US dollars as well as foreign currency.

Q. Image Direct Deposit

The Bank shall provide the ability to scan checks from any geographic location capturing payment amount and associated data. Captured images and data are transmitted for processing to one central account and stored in an internet-based image archive for source documents to be available on-line anytime for a period of at least seven (7) years. The images can then be searched and retrieved through a secure web browser. Detailed reporting for current and past image data should be available. Consumer checks may settle as Accounts Receivable Check (ARC) conversion transactions as stated under ACH rules. All other types of check payments will be processed as substitute checks (i.e., image replacements of the original paper checks).

R. Positive Pay

The Bank shall provide state of the art processes for fraud prevention. The process should include, but not be limited to Positive Pay, Payee Verification, ACH Debit Block, and Stale Dating.

S. Future Considerations

LSUHSC hopes to further enhance its access to Bank-related data and transactions through additional electronic access as feasible. Examples of such data include, but are not limited to, daily balances, controlled disbursement amounts and daily deposits. Proposing Banks are encouraged to include in their proposals availability and pricing for such access services, as well as a description and price list for any additional services offered that may benefit LSUHSC.

ATTACHMENT E

Requirements for the Disbursement Function

The disbursement function involves the processing of checks presented for payment against the General Fund Account of LSUHSC.

A. Balance Reporting

The Bank will make available, preferably via electronic access, balance-reporting information by 8:30 am each banking day. A schedule of reporting costs per item/field is listed in Appendix II and should be completed by all proposing Banks.

B. Reconciliation

Full or partial reconciliation will be required for the General Fund Account. In addition to providing the prices for these services, proposing Banks must provide a description of their reconciliation procedures. The Bank will make available a process for full reconciliation and positive pay.

C. Stop Payments

The Bank will be required to process verbal stop payment requests, with subsequent written confirmation. The majority of stop payments will be issued with no expiration date. The Bank must provide LSUHSC electronic access for stop payment processing.

D. Forgery Endorsement Charge Backs/Missing Endorsements

The Bank will be required to process forgeries and issue credit to LSUHSC's account within three banking days after LSUHSC returns an affidavit to the Bank.

E. Stale Date/Post Date

The University's account should not be debited for checks presented more than 180 calendar days from the check date unless approval is obtained via Positive Pay or by the University. In the event that such checks are paid in error by the Bank, credit must be issued within three (3) banking days after notification by the University to the Bank.

F. Bank Statements

Bank is required to provide monthly statements and electronic file reconciliation of cancelled checks. In addition, correction entries made by Bank must be itemized on the statements.

G. Foreign Currency Drafts

Upon request of LSUHSC, Bank will be required to issue foreign currency drafts. Drafts must be processed in no more than three banking days from the date of LSUHSC's request, and exchange rates must be guaranteed at the time of order.

H. Direct Deposit

Bank will be required to process ACH transactions initiated by LSUHSC to facilitate direct deposit services provided to its employees. The Bank must interface with software currently in place at LSUHSC to transmit direct deposit payroll transactions through ACH.

I. Zero Balance Account

The bank will be required to provide multiple automated zero balance accounts.

J. Electronic Funds Transfer

The bank will be required to accept ACH debits as authorized by LSUHSC to include payment of Federal and State tax deposits.

K. Future Considerations

The Bank shall submit a list of all ACH transactions that could be originated by LSUHSC through PC based platforms. The list should include pricing for these services should LSUHSC decide to set up a more comprehensive automated clearing program during the term of the contract. **Note:** Proposing Banks are encouraged to include in their proposals a description and price list for any additional services offered that may benefit LSUHSC.

ATTACHMENT F

Requirements for the Safekeeping/Custodial Function

This function entails the safekeeping of collateral for deposits and repurchase agreements in accordance with LA R.S. 49:321.

A. Funds on Deposit

Bank is required to issue safekeeping receipts to LSUHSC to secure its deposits in accordance with the above-referenced statutes. In addition, on a monthly basis Bank must submit a listing of pledged collateral and current market values to LSUHSC. Pledged securities may not be released or substituted without the express authorization of LSUHSC.

B. Repurchase Agreements

Repurchase Agreements will be governed by a Master Repurchase Agreement to be executed by LSUHSC and Bank. In general, Bank must be capable of acting as a seller of securities, with the agreement to subsequently repurchase, as agreed upon by the parties to the transaction. As the Seller, Bank must utilize a separate account at an acceptable third party institution for the purpose of safekeeping the securities specified in the transaction. Substitution of such securities will not be permitted. All securities purchased by LSUHSC under such Repurchase Agreements must be held in the name of LSUHSC.

C. Dollar-In, Dollar-Out, Mutual Funds

Dollar-in, dollar-out mutual funds used as sweep accounts or interest-bearing investment accounts on a day-to-day basis for excess depository funds must be legally available for use by LSUHSC under State law and regulations. Balances held in these accounts need not be collateralized provided that LSUHSC has beneficial ownership of all shares.

D. Other Investments

The Bank must have the capability to provide safekeeping for LSUHSC-owned investments and to execute investment purchases and sales upon the direction of LSUHSC.

ATTACHMENT G

Sample Contracts

This Attachment is included for example purposes only. The final contract may vary in form and detail as mutually agreed upon by the contracting parties.

BANK SERVICES AGREEMENT

STATE OF LOUISIANA

PARISH OF ORLEANS

THIS BANK SERVICES AGREEMENT, dated as of and effected on _____, though actually signed on the __ day of _____ TO BE DETERMINED, made by and between:

Louisiana State Health Sciences Center -- New Orleans, (LSUHSC) appearing herein through John V. Lombardi, President of the Louisiana State University System (the "President")

and

_____ (the "Bank"), a banking corporation organized under the laws of the United States, having its principal place of business in the Parish of Orleans, Louisiana, herein appearing by and through _____, its Executive Vice President duly authorized by the by-laws of said Bank.

WITNESSETH:

WHEREAS, the Louisiana State Health Sciences Center -- New Orleans solicited proposals for Bank Services for Louisiana State University Health Sciences Center -- New Orleans ("LSUHSC") in accordance with R.S. 39:1481, et seq. LSU System PM 9 (Appendix III which is attached hereto and made a part hereof, or as provided herein), and all applicable rules and regulations promulgated thereunder", and

WHEREAS, the Bank submitted a response to the Request for Proposals (the "RFP"); and

WHEREAS, LSUHSC, after grading and evaluating all Proposals, determined that the Bank had submitted the winning proposal; and

WHEREAS, LSUHSC did award the contract to the Bank;

NOW, THEREFORE, in consideration of these premises, the parties above hereby agree as follows:

ARTICLE I DEFINITIONS

SECTION 1.01. Definitions. The following words and terms shall have the following meanings:

"Account Analysis Statement" shall mean a monthly detailed and itemized statement produced by the bank by individual account, indicating the Banking Services performed, by volume, item price and total price.

"Account Profile" shall mean document by which LSUHSC and Bank will mutually agree as to how LSUHSC will direct the Bank as to the required services and special instructions for the proper handling of each Account.

"Accounts" shall mean those Central Accounts listed and/or described in Section 2.01 of this Agreement together with any Additional Accounts which are opened at the Bank or its affiliate bank(s) by the LSUHSC which are to be serviced according to the terms of this Agreement.

"Act of Bankruptcy" shall mean:

- (i) the Bank shall commence a voluntary case or other proceeding seeking liquidation, reorganization, readjustment of its debts or for any other relief under the federal bankruptcy laws, as amended, including the United States Bankruptcy Code, or under any other insolvency act or law, state or federal, now or hereafter existing, or shall take any other action indicating its consent to, approval of, or acquiescence in, any such petition or proceedings;
- (ii) the Bank shall apply for, consent to or acquiesce in, appointment of a receiver, liquidator, custodian, sequestrator, or trustee for all or a substantial part of its property;
- (iii) the Bank shall make an assignment for the benefit of its creditors;
- (iv) the Bank shall admit in writing its inability to pay its debts when due, or
- (v) a receiver, liquidator, custodian, sequester, or a trustee shall be appointed for all or a substantial part of the property of the Bank and such appointment shall not be discharged or dismissed by a court of competent jurisdiction within sixty (60) days.

"Additional Account" shall mean any account established by the LSUHSC at the Bank or an affiliate bank, intended to be serviced according to the terms of this Agreement, but which is not listed specifically in this Agreement.

"Agreement" shall mean this Banking Services Agreement, effective **TO BE DETERMINED** by and between the University and the Bank, together with all attachments and exhibits hereto and all duly authorized and executed amendments hereto.

"Bank" shall mean _____, which is an affiliate of _____, or any surviving, resulting or transferee entity.

"Bank Services" shall mean those services enumerated in RFP, those services agreed to be provided by the Bank in their Proposal together with those services set forth in this Agreement.

"Business Day" shall mean any day other than a Saturday or Sunday or any other day so designated as a holiday by the Federal Reserve Bank in New Orleans.

"Central Accounts" shall mean those accounts described in Section 2.01.

"Fiscal Agent Bank" shall mean a bank selected and designated by the Interim Emergency Board for deposit of State funds by the Treasurer and other elected state officials or any department board, commission, or institution of the State as defined in LA R.S. 49:319.

"Fiscal Year" shall mean the LSUHSC's fiscal year beginning each July 1 and ending the following June 30.

"RFP" shall mean the LSUHSC Official Request for Proposal #_____ for Bank Services together with questions and corresponding answers provided to all potential bidders by letter.

"Zero Balance Accounts" shall mean Accounts which maintain end-of-day zero cash balances because funds are transferred daily to another Account.

SECTION 1.02. Construction. In this Agreement unless the context otherwise requires:

- (a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Agreement.
- (b) The terms "hereby", "hereof", "hereto", "herein", "hereunder", and any similar terms, as used in this Agreement refer to this Agreement and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of execution of this Agreement.
- (c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations, associations and partnerships, including public bodies, as well as natural persons.

ARTICLE II ESTABLISHMENT OF ACCOUNTS

SECTION 2.01 Establishment of Central Accounts. LSUHSC hereby authorizes the Bank, and the Bank hereby agrees to establish Accounts for LSUHSC for the following Central Accounts named and more fully described in the RFP as:

- (a) The General Fund Account;
- (b) The Payroll Account
- (c) Credit Card Accounts
- (d) Other Accounts as defined in Attachment C of the RFP.

LSUHSC reserves the right to close any of these Central Accounts and/or add to these Central Accounts as may be required, Sections 2.02, 2.07, and 2.08 notwithstanding.

SECTION 2.02 Fees for Accounts. Upon establishment of the Accounts with the Bank, the Bank will service said Accounts as agreed to herein and at the prices stated in Appendix II which is attached hereto and made a part hereof, or as provided herein.

SECTION 2.03 Establishment of Additional Accounts. LSUHSC may from time to time wish to add Accounts to those listed and/or described herein. A new account shall be officially considered as an Additional Account upon receipt by the Bank of an account Profile noting such designation. New Additional Accounts will be serviced in a similar manner to the Accounts currently being provided by the Bank to LSUHSC and/or as outlined on the Account Profile. LSUHSC recognizes that certain Additional Accounts may be opened at any affiliate bank.

SECTION 2.04 Fees for Additional Accounts: Upon establishment of Additional Account(s) with the Bank, the Bank will service said Additional Accounts at a price mutually agreed upon by the parties hereto, which price shall not exceed the pricing structure stated in Appendix II.

ARTICLE III THE DEPOSITORY COLLECTION FUNCTION

SECTION 3.01. Deposit of High Dollar Items. For large dollar items exceeding \$100,000.00, the Bank is required to use its best efforts in clearing the item in an expedited manner, relative to all items drawn on non-New Orleans Clearing House Association member institutions.

SECTION 3.02 Returned Items. For all Central and Additional Accounts, the Bank agrees that there will be an automatic second deposit on all Returned Items, unless the item is charged back on first presentment because it cannot be recleared. All items charged back will be mailed to LSUHSC at the address of record for the account. The information required to be supplied to LSUHSC on Returned Items is account title, account number, and day deposited. Special instructions for each Account, including changes in automatic second deposit on Returned Items, will be provided to the Bank on the Account Profile.

SECTION 3.03 Returned Item Handling Charges. Fees for deposited items returned unpaid, reprocessed items and telephone notification will as per Appendix II. These deposited items will be listed on the Account Analysis Statements by type, volume, price per item and total price per type of item.

SECTION 3.04 Zero Balance Accounts. At LSUHSC's instructions, the Bank will provide automated Zero Balance Accounts. A fee will charged as per Appendix II if this service is used

SECTION 3.05 Coin and Currency Deposits. The Bank will accept coin and currency deposits per the fees listed in Appendix II.

SECTION 3.06. Right of LSUHSC to Deposit Funds In and To Use Other Banks. The Bank will remain for the duration of this Agreement the Bank for the banking activities for the LSUHSC's Central Accounts, described in Section 2.01 of this Agreement. Except as provided herein, LSUHSC will not utilize other financial institutions to service the Accounts described in Section 2.01 of this Agreement. LSUHSC may deposit funds and debit from any or all of those Accounts described in Section 2.01 of this Agreement in another financial institution(s) if:

- a. The Bank has committed an Event of Default as set forth in Article X;
- b. Another financial institution offers improved Availability for those Account(s) and the Bank, after being given the opportunity to match the availability, cannot do so.

In the event LSUHSC deposits into another financial institution for the reasons set forth in this Section for one or more of the Accounts listed in Section 2.01 hereof, the Bank agrees that it will continue to offer the same price for deposits listed in Appendix II.

Although the Bank shall be the Central Bank for LSUHSC, this Agreement in no way prohibits LSUHSC from opening and operating accounts with other financial institutions.

Notwithstanding any other provision of this Agreement to the contrary, the LSUHSC shall have the right at any time, to move, open and operate accounts designated as Additional Account(s) with other financial institutions.

SECTION 3.07 New Orleans Depository. The Bank shall maintain at all times during the course of the contract, a New Orleans bank branch.

ARTICLE IV THE DISBURSEMENT FUNCTION

SECTION 4.01 Requirements for the Disbursement Function. The Bank will process items presented for payment against the Accounts described in this Agreement at par.

SECTION 4.02 Reconciliation. Reconciliation shall be serial sort, partial reconciliation or full reconciliation at LSUHSC's instructions based upon the requirements and needs of LSUHSC as described in the Account Profiles.

SECTION 4.03 Stop Payments. The Bank is required to process telephonic stop payment requests confirmed by LSUHSC. Stop payments are valid for six months after which time LSUHSC must telephone Bank to renew stop payment requests.

SECTION 4.04 Forgery Endorsement Charge Backs. Bank shall use its best efforts to process forgeries and issue credit to the appropriate account as soon as practicable after LSUHSC's remittance of the original check and affidavit to Bank, in the event LSUHSC notified Bank in writing within 30 days of LSUHSC's receipt of the item or statement containing the forged item and in the event Bank would otherwise have liability for same under applicable law.

SECTION 4.05 Bank Statements. The Bank agrees to itemize corrected bank errors on each Account rather than netting those errors.

SECTION 4.06 Authorized Signature. Authorized signatures shall be furnished to the Bank on signature cards submitted by LSUHSC. Should LSUHSC find it necessary to change the signatories on any Account, LSUHSC shall furnish the Bank with new signature cards. The Bank shall be responsible for validating signatures as indicated on the signature cards for each Account.

SECTION 4.07 Overdraft Procedures. The Bank shall handle overdraft procedures as directed in the Account Profile for each Account consistent with Bank's procedures for overdrafts and extensions of credit and subject to Bank's credit policy in effect at the time. The Bank shall notify LSUHSC immediately of any overdraft items. LSUHSC agrees to pay the overdraft upon request.

SECTION 4.08 Payroll Accounts. The Bank shall provide for direct deposit of payroll for LSUHSC's payroll system.

SECTION 4.09 Imaging of Items. The Bank shall provide imaged items. If LSUHSC requests CD-ROM's, the Bank shall provide the software necessary to read and print data from such format at Bank's standard fees and charges for same.

SECTION 4.10 Positive Pay. The Bank shall perform positive pay for any account(s) designated for such services by LSUHSC.

ARTICLE V THE COLLATERAL / SAFEKEEPING / TRUST FUNCTIONS

SECTION 5.01 Account Collateralization. All Funds deposited in Accounts with the Bank must be fully collateralized in accordance with State law. The Bank agrees to pledge to LSUHSC sufficient permissible securities as set forth in R.S.49:321, et seq., and interpreted by LSUHSC, to collateralize no less than 102% of the daily Collected Balance. As provided in R.S.49:321(A), LSUHSC reserves the right to limit the amount of any type(s) of permissible securities pledged.

The collateral pledged to LSUHSC must be either held by a Federal Reserve Bank in the joint custody account of the Bank or held under joint custody at a third party bank considered acceptable to LSUHSC. The Bank will cause safekeeping receipts evidencing the pledge of the securities to be issued to LSUHSC. The safekeeping receipt must indicate the securities are pledged to LSUHSC and shall not be released or submitted without the express written authorization of LSUHSC. LSUHSC will release or substitute securities in a timely manner.

ARTICLE VI INFORMATION REPORTING / DELIVERY

SECTION 6.01 Balance Reporting. The Bank will make available previous day balancing reporting inflation by 8:00 A.M. Central Standard Time/Daylight Savings Time each Business Day. It is preferred that the information be provided through electronic means, however, voice transmission is acceptable. The Account Profiles provided by LSUHSC will indicate the Fields of information be reported daily on each Account. As directed by LSUHSC, the available Balance Reporting information may include:

- (a) Previous Day Book Balance;
- (b) Previous Day Available Balance;
- (c) Opening Available Balance;
- (d) Debits and Credits (including check numbers and dollar amount);
- (e) Automated Clearing House Items;
- (f) Wires, Incoming and Outgoing;
- (g) Float on Deposits;
- (h) Average Closing Available Month-To-Date
- (i) Current Day Clearings for Controlled Disbursement Accounts

For those Accounts on controlled disbursement, current day clearings will be delivered by 9:00 A.M. and or

11:00 A.M. Central Standard Time/Daylight Savings Time according to parameters set forth in Section 4.08.

SECTION 6.02 Software. The Bank may provide to LSUHSC computer software for the purposes of establishing financial communications between LSUHSC and the Bank via computer. The Bank shall remain owner of the software and shall hold all license agreements for its use on LSUHSC computers.

ARTICLE VII FUNDS TRANSFER

SECTION 7.01. ACH Initiation. The Bank will support ACH initiation services electronically, as well as accept transmissions of Automated Clearing House debit or credit items. The Bank will provide the software. LSUHSC will create its own concentration debits and credits and send them to the Bank's operations center. The software must support the direct deposit of payroll services and must support pre-authorized debit functions as well.

SECTION 7.02. Federal Funds. The Bank shall transmit request for federal funds as specified in various letters of credit or as directed by LSUHSC.

SECTION 7.03 Wire Transfers. Upon electronic, telephonic, or written instructions of LSUHSC, the Bank shall wire transfer available Funds to other financial institutions out of the Accounts or from Account of Account. The Bank shall accept valid wire transfer of funds into the Accounts and notify LSUHSC of incoming wire transfers in a timely manner by electronic, telephonic or written methods of the wire transfer. Prior to the execution of any outgoing or incoming wire, the parties agree to enter into a Funds Transfer Agreement. Special procedures and authorizations will be required for outgoing wire transfers, which will be fully described in either the Funds Transfer Agreement and/or Account Profile(s). The charges for incoming and outgoing wires irrespective of the mode of request for wires, i.e. electronic, telephone link or written, shall be as stated in Appendix II.

At times acceptable to LSUHSC during the Business Day, and as designated in Account Profiles, the Bank shall transmit and receive wires through electronic means and relay to LSUHSC current information concerning the incoming and outgoing wires.

ARTICLE VIII VISA, MASTERCARD, DISCOVER CARD and AMERICAN EXPRESS CARD PROCESSING

SECTION 8.01 VISA, MASTERCARD, DISCOVER CARD and AMERICAN EXPRESS CARD Processing. Bank shall process Visa, MasterCard, Discover and American Express card payments made to LSUHSC. Charges associated with Visa, MasterCard, Discover and American Express card processing shall be assessed monthly as per the pricing listed in Appendix II on the first Business Day of the succeeding month computed on gross Visa, MasterCard, Discover and American Express card deposits made the previous month. Charges shall be identified by merchant account number and shall appear on Bank's monthly merchant statement. Charges associated with Visa, MasterCard, Discover and American Express card processing shall be debited monthly from each LSUHSC checking account.

ARTICLE IX COMPENSATION

SECTION 9.01 Compensation. The compensation to be paid by LSUHSC to the Bank under this Agreement for Bank Services shall be directly deducted by the Bank from the General Fund Account in accordance with the attached fee schedule, on a monthly basis, after monthly combined account analysis statements have been submitted. LSUHSC may, at its own option, pay the Bank, either partially or in full, with fees and/or compensating balances.

SECTION 9.02 Maximum Contract Amount Per Year. The total maximum contract amount LSUHSC will be

liable for is \$150,000. This maximum amount shall include all surcharges incurred whether paid under Section 9.01 (a), (b) or (c). LSUHSC will pay the actual cost of services that may not exceed the above listed amount.

SECTION 9.03 Payment of Fees. Bank shall provide LSUSHC in a timely manner monthly Account Analysis Statements for all Accounts designated by LSUHSC including those Accounts at any affiliated bank if applicable.

ARTICLE X EVENT OF DEFAULT

SECTION 10.01 Event of Default. The occurrence of any of the following events shall be an "Event of Default" hereunder unless specifically waived by the Health Sciences Center pursuant to Section 15.05:

- (a) The Bank shall fail to perform or observe any provision of law pertaining to the deposit collection, safekeeping or investment of LSUHSC Funds;
- (b) The Bank shall fail to perform or observe any term, covenant or agreement contained in Sections 3.03 and 14.01 of this Agreement;
- (c) Any representation made by the Bank pursuant to Section 13.01 hereof shall prove to have been incorrect in any material respect when made;
- (d) An Act of Bankruptcy; or
- (e) This contract may be terminated based upon the failure of the Bank to comply with the terms and/or conditions of the contract; provided that the Bank is given written notice specifying the Bank's failure. If within thirty (30) days after receipt of such notice, the Bank has not corrected or proceeded to correct the compliance, the Bank may be placed in default and the contract shall terminate on the date specified in the notice. The Bank may exercise any rights available to it under Louisiana law to terminate for cause upon the failure of the University to comply with the terms and conditions of this contract, provided that the Bank shall give the University written notice specifying the University's failure and a reasonable opportunity for the University to remedy the defect.

ARTICLE XI RIGHTS AND REMEDIES

SECTION 11.01 Rights and Remedies. Upon the occurrence of an Event of Default hereunder, or at any time thereafter which such default continues, the non-defaulting party, in its sole discretion may exercise any rights and remedies available to it by law or under this Agreement or any agreement contemplated hereby, including immediate termination of the Agreement and removal of any one or all of the Accounts, in the even such Event of Default remains uncured for a period of five (5) Business Days after receipt of notice by the defaulting party of such Event of Default. Any claim or controversy arising out of this contract shall be resolved in compliance with the provisions of LA R.S. 39:1524 – 1526.

ARTICLE XII TERM OF AGREEMENT

SECTION 12.01 Initial and Renewal Terms of the Agreement. The term of this Agreement shall be for an initial period of three (3) years. The effective date of this Agreement shall be TO BE DETERMINED and the Agreement shall expire on TO BE DETERMINED, unless the parties hereto have executed a new Agreement or a written amendment to this Agreement. At the discretion of LSUHSC, this Agreement may be renewed for two (2) succeeding one-year periods under the same terms, conditions and prices as provided herein.

SECTION 12.02. Right of Cancellation. Both parties shall have the right to cancel this Agreement, with or without cause, by giving the other party thirty (30) days written notice by certified mail. The Bank shall be entitled to payment for deliverables in progress, to the extent work has been performed satisfactorily.

SECTION 12.03 Transition Period Duties. At the completion of this Agreement or if terminated earlier, the Bank agrees to tender to LSUHSC upon the written request of LSUHSC copies of all records, reports, worksheets, account statements, cancelled checks, reconciliation reports and materials related to the Agreement and all other possessions of LSUHSC, which shall become property of LSUHSC. These materials shall be tendered not more than 30 days after the request.

SECTION 12.04 Non-Appropriation Clause. The continuation of this Agreement is contingent upon the appropriation of funds, to fulfill the requirements of the Agreement by the Legislature of Louisiana. If the Legislature fails to appropriate sufficient monies to provide for the continuation of this Agreement, or if a lawful gubernatorial order issue in or for any given Fiscal year during the term of this Agreement reducing the funds appropriated in such amount as to preclude making the payments set out herein, the Agreement shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated without any liability incurring onto LSUHSC.

ARTICLE XIII COVENANTS OF THE BANK

SECTION 13.01 Affirmative Covenants. So long as this Agreement is in effect, the Bank will maintain the following minimum criteria:

- (a) Maintain capital (exclusive of debt), surplus and reserves of at least \$20,000,000.00;
- (b) Remain a designated Fiscal Agent of the State in accordance with LA R.S.49:317;
- (c) Remain qualified to accept deposits from the State and other State Depositories in accordance with LA R.S.49:327(A);
- (d) Remain a member of, or have access to, the Federal Reserve System with full wire transfer capabilities in order to send requests for funds to the United States Government, receive funds, transfer funds to other banks as directed by LSUHSC and to also receive and send book entry securities;
- (e) Maintain a trust or a safekeeping department capable of issuing safekeeping receipts immediately upon receipt of securities that are acceptable to LSUHSC as provided in LA R.S.49:321;
- (f) Maintain the ability to pledge collateral in the quantity, form, and manner prescribed in LA R.S.49:321(C). This includes pledges against 102% of the daily Collected Balance;
- (g) Provide monthly reports of securities collateralizing deposits. As part of the monthly reports, the market value of those securities must be state;
- (h) Maintain access to an international wire desk;
- (i) It will not operate under any consent decree or other consent decree or other type of restrictive contract with any state or federal regulatory agency. In the event that the Bank is ordered to or begins to operate under any consent decree or other type of restrictive contract with any state or federal regulatory agency, the Bank will notify LSUHSC immediately upon receipt of said order. This Agreement may be immediately terminated by the LSUHSC upon notification that the Bank is under a consent decree or other type of restrictive contract with a state or federal regulatory agency;

- (j) Maintain FDIC capital adequacy requirements;
- (k) Maintain a branch within the city of New Orleans; and
- (l) Maintain Fidelity and Indemnity Insurance coverage on all Bank personnel and officers of the Bank.

SECTION 13.02 Bank's Responsibilities. The Bank agrees that it will pay its debts when due.

SECTION 13.03 Standard of Care. The Bank shall assume full responsibility for, and shall exercise the same standard of care as a prudent expert would exercise in respect of its own funds in the safekeeping, handling, servicing and disposition of all Funds, subject to the terms and provisions of the Agreement.

SECTION 13.04 Directions of LSUHSC. The Bank hereby agrees that all Funds now or hereafter held by its pursuant to this Agreement together with all proceeds of such Funds shall be receipted for, received in and held for the account of LSUHSC as directed by LSUHSC. All Funds and proceeds shall be maintained and disposed of only as provided in this Agreement and pursuant to instructions from LSUHSC.

SECTION 13.05 Prompt Compliance. The Bank hereby covenants that it shall promptly comply with each instruction of LSUHSC to receive in, or deliver out, any available Funds belonging to LSUHSC and designated in such instructions.

ARTICLE XIV LEGAL AUTHORITY

SECTION 14.01. Entering into Agreement. The Bank and University each hereby assure the other that it possesses the legal authority pursuant to any proper, appropriate and official motion, resolution or action passed or taken to enter into this agreement.

SECTION 14.02. Authority to Execute. The person or persons signing and executing this Agreement on behalf of LSUHSC and the Bank, respectively, do hereby warrant and guarantee that he or they have been fully authorized to execute this Agreement and to validly and legally bind LSUHSC and the Bank, respectively, to all the terms, performances and provisions herein set forth.

SECTION 14.03. Temporary Suspension. LSUHSC shall have the right, at its option, to either temporarily suspend or permanently terminate this Agreement, if there is a dispute as to the legal authority of either the Bank or the person signing the Agreement to enter into this Agreement.

SECTION 14.04. Community Reinvestment. The Bank warrants and guarantees that it currently has a Community Reinvestment Act of 1977, 12 U.S.C. 2901 et seq., rating of not less than satisfactory, in accordance with LA R.S. 49:317.

SECTION 14.05. Civil Rights/Equal Opportunity. The Bank agrees to abide by the requirements of Title VI and Title VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, the Fair Housing Act of 1968 as amended, and agrees to abide by the requirements of the American with Disabilities Act of 1990. The Bank agrees not to discriminate in its employment practices and shall render services under this Agreement without regard to race, color, religion, sex, sexual orientation, national origin, veteran status, political affiliation, or disabilities. Any act of discrimination committed by the Bank, or failure to comply with these statutory obligations where applicable, shall be grounds for termination.

**ARTICLE XV
MISCELLANEOUS**

SECTION 15.01 Good Business and Banking Practice. The Bank shall provide all Banking Services to LSUHSC in a manner consistent with LA R.S.49:315, et seq. and consistent with good business and banking practice.

SECTION 15.02 Incorporation by Reference. The RFP and the Proposal are incorporated into and are made part of this Agreement.

SECTION 15.03 Order of Precedence. This Agreement shall to the extent possible be construed to give effect to all provisions contained therein; however, where provisions are in conflict, the intent of the parties shall give first priority to provisions of this Agreement excluding the RFP and the Proposal; second priority shall be given to the provisions of the RFP and any amendments thereto; and, third priority shall be given to the provisions of the Proposal.

SECTION 15.04 Modification of Agreement. No modification or waiver of any provision of this Agreement and no consent to any departure by the Bank therefrom, shall be effective unless the same shall be in writing and signed by LSUHSC and approved by the Office of Contractual Review of the Division of Administration. Any such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Bank in any case shall entitle the Bank to any other or further notice or demand in the same, similar or other circumstances.

SECTION 15.05 Waiver of Rights by LSUHSC; Remedies. No course of dealing or failure or delay on the part of LSUHSC in exercising any right, power or privilege hereunder shall operate as a waiver hereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege. The rights of LSUHSC under this Agreement are cumulative and not exclusive of any rights or remedies which LSUHSC would otherwise have.

SECTION 15.06 Notices. All notices, requests and other communications hereunder shall be in electronic, telephonic or written (including bank wire, telegram, telecopier, telex or similar writing) form and shall be given to the party to whom addressed, at its address or telephone, telecopier or telex number set forth below, or such other address or telephone, telecopier or telex number as such party may hereafter specify for the purpose by notice to the other parties listed below. Each such notice, request for communication shall be effective (i) if given by telephone, telex, telecopy or electronic means, when such communications is transmitted to the address specified below and the appropriate answer is received, (ii) if given by mail, three (3) days after such communication is deposited in the mail with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, when delivered at the address specified below.

If to LSUHSC:

LSU Health Sciences Center
Accounting Services
Attention: Patrick Landry
433 Bolivar Street
New Orleans, LA 70112

If to the Bank:

SECTION 15.07 Governing Law. The rights and obligations of the parties hereto are to be construed, interpreted and enforced in accordance with, and shall be governed by, the laws of the State of Louisiana.

SECTION 15.08 Survival of Agreement. All covenants, agreements, representations and warranties made in this Agreement are in effect or any obligations shall be outstanding.

SECTION 15.09 Non-Assignability. The Bank shall not assign any interest in this Agreement and shall not transfer any interest in same (whether by assignment or novation), without the prior written consent of the University and the Office of Contractual Review provided, however, that claims for money due or to become due to the Contractor from the University under this contract may be assigned to a bank, trust company or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to both the University and the Director of Contractual Review in the Division of Administration.

SECTION 15.10 Severability. The provisions of the Agreement shall be deemed severable. If any part of this Agreement shall be held unenforceable by any court of competent jurisdiction, the remainder shall remain in full force and effect, and such unenforceable provision shall be reformed by such court so as to give maximum legal effect to the intention of the parties as expressed therein.

SECTION 15.11 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute part of this Agreement for any other purpose.

SECTION 15.12 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

SECTION 15.13 Legislative Auditor. It is hereby agreed that the Legislative Auditor of the State and any designee of LSUHSC shall have the option of auditing all Accounts of the Bank that relate to this Agreement.

SECTION 15.14 Taxes. The Bank hereby agrees that the responsibility for the payment of any applicable taxes from the funds received under this Agreement and/or legislative appropriation shall be said Bank's obligation and identified under Federal Tax Identification Number _____

SECTION 15.15. Additional Services. The Bank shall provide other miscellaneous products and services during the term of this Agreement and as needed and as mutually agreed to by the parties, at a fee not to exceed the Bank's then current published rates.

SECTION 15.16. Fiscal Funding. The continuation of this contract is contingent upon the appropriation of funds to fulfill the requirements of the contract by the legislature. If the legislature fails to appropriate sufficient monies to provide for the continuation of the contract, or if such appropriation is reduced by the veto of the Governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

SECTION 15.17 Fund Use. Contractor agrees not to use funds paid for services rendered under terms of this contract to urge any elector to vote for or against any candidate or proposition on an election ballot nor shall funds be used to lobby for or against any proposition. This shall not prevent the normal dissemination of factual information relative to a proposition on any election ballot or a proposition or matter having the effect of law being considered by the legislature or any local governing authority.

SECTION 15.18. Order of Precedence. In the event of any inconsistent or incompatible provisions, this signed

agreement (excluding the RFP and Contractor's proposal) shall take precedence, followed by the provisions of the RFP, and then by the terms of the Contractor's proposal.

SECTION 15.19 Active and Consultation. The Bank agrees that it will make available officers designated by the Bank and approved by LSUHSC for advice and consultation regarding all banking matters in a manner most advantageous to the LSUHSC and at no cost to LSUHSC.

SECTION 15.20 Entire Agreement. This contract together with the RFP and Appendix II issued thereto by The Louisiana State Health Sciences Center, the proposal submitted by _____ in response to LSUHSC's RFP, and any appendices specifically incorporated herein by reference, constitute the entire agreement between the parties with respect to the subject matter

SECTION 15.21 Confidentiality. Contractor hereby warrants that it shall comply with all applicable Federal and State laws, rules, and regulations concerning confidentiality which safeguards information.

SECTION 15.22 Record Retention. Contractor agrees to retain all books, records, and other documents relevant to this contract and the funds expended hereunder for at least three (3) years (L.R.S. 44:3 Preservation of Records) after final payment, or as described in 45 CFR 74:2(b), whichever is longer. Books, records, and other documents concerning this contract may be disposed of prior to the three (3) year period if audits have been conducted and no exceptions found.

SECTION 15.23. Goals, Objectives, Performance Indicators and Monitoring Plan. The goal of this contract is to provide effective banking services to LSUHSC as described in this Agreement and the RFP. Banking Services include deposit, collections and safekeeping of LSUHSC funds. The objective is to use the contract to authorize the Contractor to perform these services at the best interest of LSUHSC. The performance indicators will be the success of handling the banking needs of LSUHSC in observance of all laws pertaining to banking services. The Contractor will be monitored by reviewing and auditing the statements provided documenting the services provided.

THUS DONE AND SIGNED in multiple originals at New Orleans, Louisiana, on the day, month and year first written above.

Bank

LOUISIANA STATE HEALTH SCIENCES CENTER
NEW ORLEANS

John V. Lombardi, President - LSU System

Larry H. Hollier, M.D. - Chancellor, LSUHSC

STATE OF LOUISIANA
PARISH OF ORLEANS

APPENDIX I. VOLUME STATISTICS

Volume Statistics

Account Analysis - Combined Accounts

	12-month Average	Monthly Average
Approximate Balances		
Average Daily Ledger Balance	\$ 12.9M	
Less Uncollected Funds	\$.4M	
Average Daily Collected Balance	\$ 12.5M	
	Annual (Estimated)	Monthly Average
Vault Services		
Vault Deposit	1,712	143
Vault Envelope Deposit	1,406	117
Vault Deposit Dollars	935	78
Vault Activity Report Faxes	20	2
Lockbox Services		
Lock Box Maintenance	30	3
Lock box Items	1,747	146
Correspondence	1,254	105
Depository Services		
Credits Posted	8,087	674
Items Deposited - On US	6,508	542
Clearinghouse	10,214	851
Local RCPC	6,613	718
National Fed Reserve Bank City	6,933	578
Dep Checks Encoding	34,552	2,879
Dep Return Items Returned	186	16
Disbursement Services		
Checks/Debits Posted	39,330	3,278
Stop Payment Automatic Renewal	863	72
Stop Payment – Electronic	109	9
Reconciliation Services		
Image Capture Per Item	40,528	3,377
Partial Recon w/Positive Pay Items	38,336	3,195
CD-ROM	24	2
Automated Clearing House		
ACH Debits\Credits Originated	72,260	6,022
ACH File Processing	71	6
ACH Deletion/Reversals	40	3
Bank Cards		
Number of MasterCard Transactions	13,820	1,152
Amount of MasterCard Transactions	\$1,333,195	\$111,100
Number of Visa Transaction	25,609	2,134
Amount of Visa Transactions	\$2,002,616	\$166,885
Number of Discover Transactions	942	79
Amount of Discover Transactions	\$175,994	\$14,666
Number of American Express Transactions	729	61
Amount of American Express Transactions	\$49,092	\$4,091

APPENDIX II

Pricing Schedule

Description	Unit Price	Unit of Measure	Volume Discount (if any)	Comments (Please include comparable services or any monthly maintenance charges associated with the service referenced.)
Account Services				
Account Maintenance		Per Month		
FDIC Fee		Per Acct Per Month		
Vault Services				
Vault Deposit		Per Item		
Vault Envelope Deposit		Per Item		
Vault Deposit Dollars		Per Item		
Vault Activity Report Faxes		Per Item		
Lockbox Services				
Lock Box Maintenance		Per Lockbox		
Payments		Per Month Per Item		
Correspondence		Per Item		
Depository Services				
Credits Posted		Per Item		
Items Deposited - On US		Per Item		
Clearinghouse		Per Item		
Local City		Per Item		
Local RCPC		Per Item		
IN District City		Per Item		
National Fed Reserve Bank City		Per Item		
Deposited Return Items Returned		Per Item		
Deposited Return Redeposit Re-clear		Per Item		
Disbursement Services				
Checks/Debits Posted		Per Item		
Stop Payment Automatic Renewal		Per Item		
Stop Payment – Electronic		Per Item		
Reconciliation Services				
Image Capture Per Item		Per Item		
Partial Recon w/Positive Pay Items		Per Item		
CD-ROMs		Per Month		
Acct Recon Process Outgoing Transmission		Per Item		
Funds Transfer Services				
Domestic & International Wires – Incoming		Per Item		
Domestic & International Wires – Outgoing		Per Item		
Wire Notification		Per Item		
Automated Clearing House				
ACH Debits/Credits Originated		Per Item		
ACH File Processing		Per Item		
ACH Deletion/Reversals		Per Item		
Information Services				
Business Fax Prior Day Acct (Monthly Fee)		Per Month		
Acct Maint Fee (45 Day Hist)		Per Month		
Info Sves Transactions Loaded		Per Item		

APPENDIX II – Continued

Bank Card Services				
MasterCard Transactions Fee		% of Sale		
Visa Transaction Fee		% of Sale		
Discover Transaction Fee		% of Sale		
American Express Transaction Fee		% of Sale		
MasterCard Sales Discount		Per Trans		
Visa Sales Discount		Per Trans		
Discover Sales Discount		Per Trans		
American Express Sales Discount		Per Trans		
Phone Authorization Terminal -- Purchase		Flat Rate		
Phone Authorization Terminal Rental		Per Month		
Interest Paid on Deposits				
Indicate the method(s) to be used for calculating interest on deposited funds				

APPENDIX III. - LSU System PM 9



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October 5, 2007

Subject: Louisiana State University System Investment, Banking Services, and Safeguarding of Deposits Policy PM-9 (revised October 5, 2007)

1. Purpose:

- a. The Louisiana State University System and its campuses are "State depositing authorities" as described in La. R.S. 49:319. The University retains, deposits, and invests its revenues in financial institutions ("authorized depository or fiscal agent banks") rather than remitting all receipts to the State Treasurer as is required for other state agencies. Banks receive the designation of "Authorized depository or fiscal agent bank" by action of the Louisiana Interim Emergency Board.
- b. This memorandum provides the LSU System policy for permitted investments, collateral security for University deposits, and selecting and monitoring financial institutions. La. R.S. 49:319 through 49:325, and 49:327, contain statutory requirements for deposit, security and investment of State funds. The University policy meets or exceeds these statutory requirements.
- c. It is the intention of this policy to establish guidelines for the investment, expenditure, safekeeping, and monitoring of the financial resources of all LSU System institutions. Adherence to this policy should reflect the judgment and care which persons of prudence, discretion, and intelligence would use to manage like assets, not in regard to speculation, but in regard to the permanent disposition of the funds, considering the probable income, as well as the probable safety of the capital to be invested.

2. Investment and Banking Services Management:

- a. The management of the LSU System investments and banking services shall be entrusted to the Investment Committee. The members of this committee shall be the System Chief Financial Officer, the Chief Financial Officers of the LSU and A&M, LSUHSC-NO, LSUHSC-S, LSUS, and UNO campuses, and the Health Care Services Division.
- b. Each member of the Investment Committee is responsible for the execution of this policy at his or her campus and to assist in formulating and recommending system-wide policy changes as required. The Investment Committee shall meet on a periodic basis as necessary, not less than annually, to effectively manage the funds of the LSU System, and shall prepare the periodic summary investment reports described herein.



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3. Authorized Financial Transactions

- a. All investment transactions must be in accordance with provisions of R. S. 49:327. The members of the Investment Committee are authorized to enter into the banking and investment transactions described below as necessary to carry out the business of their campuses.
 - i. Demand deposit accounts
 - ii. Certificates of Deposit
 - iii. Repurchase Agreements
 - iv. Sweep Accounts
 - v. Direct Obligations of the U.S. Government
 - vi. U.S. Government Agency Obligations contained in the list promulgated by the State Treasury
 - vii. Investment grade Commercial Paper
 - viii. Money market funds consisting solely of securities otherwise eligible for investment by the state treasurer.
- b. University Endowments
 - i. Any investment permitted in the Uniform Management of Institutional Funds Act, which requires the "ordinary business prudence" standard.
 - ii. Provided that any investment of funds described in 3(B)(1) (above) that are part of the Endowed Chair and Endowed Professorship Programs must comply with the Board of Regents Investment Policy for those funds. The investment policies of the support foundations must be periodically reviewed not less than annually by the Investment Committee.

4. Investment Objective

The long-term investment objective of this policy is to prudently invest the assets within the limitations of State law in order to maximize the risk-adjusted total return. For endowed assets, prudent investment management would also strive to preserve the purchasing power of those assets while allowing for an appropriate level of spending consistent with donor intent and the needs of the institution.



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5. Spending Policy

The primary objective of the spending policy is to provide a predictable and sustainable level of program spending. The Investment Committee shall meet and determine the maximum allowable spending from endowment earnings for each fiscal year.

6. Asset Allocation

a. Stocks

- i. In accordance with provisions of Article VII, Section 14 of the Louisiana Constitution, and R. S. 49:327(3)(b) the University may invest publicly funded permanently endowed funds in the stock of any corporation listed on the New York Stock Exchange, the American Stock Exchange, or authorized for quotations display on the National Association of Securities Dealers Automated Quotations System, provided that the total investment in such stocks at any one time shall not exceed thirty-five percent of the market value of all publicly endowed funds of the University.
- ii. The equity portfolio should be well-diversified to avoid undue exposure to any single economic sector, industry group, or individual security. This is to assure that no single security, class of securities, or investment style will have a disproportionate impact on the program assets' aggregate results.
- iii. Concentration by Issuer:
 - i. No more than five percent (5%) of total equity assets shall be invested in the securities of any one issuing legal entity at market value.
 - ii. No more than twenty percent (20%) of the market value of total equity assets shall be in the securities of any one industry at market value.
 - iii. Investments in any legal entity shall not exceed five percent (5%) of the outstanding shares of the entity.

7. Selection of Financial Institutions for University Banking Transactions

Demand deposit accounts and other basic banking services will be acquired by competitive requests for proposals at least once every five years. Requests for proposals will be based on the State Treasurer's Standard banking specifications, modified as necessary to meet the needs of the particular campus; the final banking agreement must be approved by the Investment Committee.



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The evaluation criteria in requests for proposals should include the following:

- Availability of Services Location of Institution
- Cost of services Transaction processing time
- Institution's financial condition
- Opportunity cost of switching institutions

Requests for proposals are not required for investment transactions such as certificates of deposits or repurchase agreements. Such transactions are generally accomplished by surveying institutions to find the best rate.

To be eligible to provide banking services to the University, an institution must be an approved fiscal depository institution as designated by the State of Louisiana Interim Emergency Board. The additional criteria for establishing and monitoring a financial institution's eligibility are described in the following section.

8. Safeguarding Deposits and Investments

The University will use a three-level approach to safeguarding its deposits and investments as follows:

- Deposits will be fully collateralized,
- Institutions will be required to execute agreements granting the University a continuing first priority security interest in the pledged or secured collateral, and
- Financial institutions will be monitored for continued eligibility for University deposits and for potential signs of failure or undue risk.

a. Collateral Requirements for University Funds

University demand deposits and investments which exceed federally insured limits must be fully secured by a pledge of securities. Demand deposits must be secured based on the average collected balance and investments which exceed federally insured levels must be secured at face value.

Collateral may be in book entry form and must be held by a third party institution acting as trustee. Safekeeping receipts or other evidence of the collateral must be provided by the financial institution to the campus business officer within five working days of the collateral pledge.

Requests for release, transfer or substitution of securities may be initiated by the pledging institution by telephone, but must be confirmed in writing within five working days. In a substitution transaction, replacement securities must be pledged before release of pledged securities.



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Collateral Security Agreements and Financial Institution Board Resolutions

Each depository institution will be required to execute a *collateral security agreement* with the University; a member of the investment committee authorized by the Committee may execute the agreement on behalf of the University.

In addition to the signed collateral security agreement, to insure that any pledge of securities under the agreement provides the necessary first priority security interest to the University and meets the FDIC requirements under the Financial Institutions Reform Recovery Act (FIRREA), the institution must provide a *resolution of its Board of Directors* which:

1. Approves the written collateral security agreement, and
2. Authorizes designated officers of the institution to grant the continuing first priority security interest in the securities pledged as collateral to secure University deposits.

C. Monitoring Financial Institutions for Eligibility for Deposits

In addition to being listed as an authorized fiscal depository institution by the Louisiana Interim Emergency Board, an institution must meet several additional tests designed to determine the adequacy of the institution's capital.

The institution's financial data listed in *Bank Focus Pro* published by Highline Data (or from such other published source as may be available to the University) will be used as follows (an explanation of the terms used in this section is included in Appendix I):

1. A financial institution will be eligible for University deposits *not to exceed 5%* of its total deposits if the institution:
 - a. Is listed in Capital Category 1 or 2, and
 - b. Has a capital ratio [Tier 1 Leverage Ratio (Core Capital/Adjusted Total Assets)] of at least 5%.
2. A financial institution will be eligible for University deposits *in excess of 5%* of its total deposits if the institution:
 - a. Is listed in Capital Category 1, and
 - b. Has a Core Capital Ratio [Tier 1 Leverage Ratio (Core Capital/Adjusted Total Assets)] of at least 10%.

The LSU System will obtain and furnish the ratio information to the members of the Investment Committee. Committee members will review the information and identify any change in deposit eligibility for institutions holding campus deposits and/or investments.

If an institution holding University deposits does not continue to meet the capital requirements as defined in § 8 © above, no additional (new or renewal) deposits may be made in the institution without the written approval of the Investment Committee.

The Investment Committee will review more closely the financial status of any such



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institution and will request that the institution furnish the information necessary for the review including the following:

- Disclosure of any formal or informal regulatory actions or agreements proposed or implemented by both bank's primary regulator (State, OCC, and/or Federal Reserve) and/or the FDIC restricting the institution's rates paid on deposits, increasing deposit insurance premiums, restrictions on lending operations or other conduct, capital plans, or similar actions.
- The institution's current Federal Financial Institutions Examination Council's FFTEC 031 Consolidated Report of Condition and Income for Bank with Domestic and Foreign Offices (commonly referred to as the Bank's "Call Report").

Following a review of the institution's information and overall financial condition, the Investment Committee may permit the institution to remain an eligible depository. The maximum deposit allowable will, however, be restricted to 2.5% of that institution's total deposits until such time as the Investment Committee determines the institution to be eligible for a higher level of deposits.

Should the institution refuse to make the required disclosures, or in the event of the initiation of a removal of deposit insurance action by the FDIC, or if the bank's Core (Tier 1) capital ratio falls below 3.0 percent, the bank will automatically forfeit eligibility as a depository of University funds. All LSU System deposits with the bank will then be withdrawn in as orderly a fashion as possible.

9. Deposit, Collateral and Investment Reporting Requirements

On a quarterly basis, the following reports will be prepared and submitted to the System Chief Financial Officer:

- A. Portfolio report – cost and market values of investments at the end of each quarter;
- B. Deposit and collateral report—total demand deposits, certificates of deposit, repurchase agreements, and pledged collateral outstanding at the close of each quarter; *and*
- C. Transactions report – a listing of all investment purchases, sales, maturities, or other activities that have occurred during the quarter.



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APPENDIX I

The Highline Data rating service provides evaluation guidelines using publicly available financial information obtained from the release of the preliminary reports of condition and reports of income from the Federal Reserve. These guidelines provide a composite measurement of historical bank performance using four of the five primary bank rating (CAMEL) factors: Capital Adequacy, Asset Quality, Earnings and Liquidity. (The fifth CAMEL factor is Management). The terms used in section 8 © are defined as follows:

Capital Categories

1. Well capitalized
2. Adequately capitalized
3. Undercapitalized
4. Significantly undercapitalized
5. Critically undercapitalized

Core (Tier 1) Capital Ratio (Core Capital/Adjusted Total Assets)

Core Capital as defined in the Highline Data rating service include: common stockholders' equity capital, plus non-cumulative, perpetual preferred stock and any related surplus, plus minority interests in equity capital accounts of consolidated subsidiaries, minus goodwill, minus other disallowed intangible assets, minus disallowed deferred tax assets, minus any other amounts that are deducted in determining Tier 1 (core) capital in accordance with capital standards issued by the reporting bank's primary Federal supervisory authority.

Adjusted Total Assets as defined in the Highline Data rating service include: the quarterly average for total assets as reported in the Call Report, minus goodwill, minus other disallowed intangible assets, minus disallowed deferred tax assets, minus any other assets that are deducted in determining Tier 1 capital in accordance with capital standards issued by the reporting bank's primary Federal supervisory authority, plus allowance for loan and lease losses, minus excess allowance for loan and lease losses, minus reciprocal holdings for banking organizations' capital instruments.